



TRANSPARENCY REPORT

OCTOBER 1, 2022 – MARCH 31, 2023

MESSAGE FROM THE CFO

I joined the Foundation in October 2022, starting my career at PricewaterhouseCoopers and then worked for the past 10+ years in traditional finance, particularly in the asset-management sector. My objectives as the first incoming CFO of the Algorand Foundation are to enhance our financial oversight and governance, to ensure that we have the treasury to execute on our planned strategies, and to support the ecosystem.

I am pleased to report that, starting with this edition, the Foundation's Transparency Reports will now be coordinated by and produced out of my office, rather than the Office of the Chief Economist, as was done before I arrived. As such, they will now cover the financial operations of the Foundation as a whole, and give much greater line-by-line insight into our resource allocation over the applicable time period. Importantly, the new format will be "whole Foundation" and actual expenditure-based, rather than a mix of backward and forward looking "bucketed allocations," in order to give a more accurate understanding of actual resources deployed.

Throughout its history, the Foundation presented estimates of "long-term Algo dynamics" that overlapped, inconsistently, with its semi-annual transparency reporting. It also put forward a series of estimated expenditure "buckets", which too evolved over time – at times broad-based (one large category of 3BN Algo for ecosystem support in the beginning) to overly prescriptive up to 18 months ago (e.g. 200M Algo for education and impact, and 400M for investments, with multiple additional categories). The nature of community rewards has also changed over time, from participation-based to governance-based, with – beginning in January 2022 – governors voting on the level of rewards per quarter. The Foundation has not paid rewards for participating in consensus, but that has been an additional subject of discussion.

As per our mandate, however, all funds are devoted to the community and are spent on behalf of the community, so this forward-looking estimation-based categorization method has not really served a practical purpose, either for the Foundation or for the community. That is, these categories have not served either as hard-coded budget commitments, nor have they served as transparent expenditure windows. Going forward, Transparency Reports will give much-needed visibility into how the Foundation has spent money. Discussions around future budgeting will increasingly fall to our governance and vertical advisory committees, in particular through the xGovs process, in line with our evolution towards decentralization.



Moreover, the demarcation of Foundation expenditures on behalf of the community vs. on pure operations was not well delineated, either in practice or in terms of reporting. For this report, we did a thorough exercise of labeling the past six months of expenditures, to properly categorize their purpose, rather than just their broad cost center (and I have now put in place the proper schema to do this in real time, at the expenditure level, going forward).

Last, these past practices have led to an unnecessary array and proliferation of wallets, sometimes clear in their usage/purpose (e.g. the structured-selling wallets set up in Jan 2023), and sometimes not, leading to community confusion and consternation. As our next finance department project, we will undertake an exercise of proper wallet hygiene and consolidation. Algorand Ventures will also shortly publish its first Annual Report, disclosing all grants given to projects from inception through to December 31, 2022.

This reformatted Transparency Report should give the community a much cleaner view of Foundation activities now and going forward, with:

- **Wider Scope:** All Foundation investments are now captured and disclosed in the reporting, not just the Algo held in public wallets;
- **Consistent Format:** There is now a consistent baseline format that will allow period-by-period comparison;
- **Increased Frequency:** This inaugural report covers the last six months (October 1, 2022 - March 31, 2023), but will be published quarterly from here;
- **Disclosure of Algo sales:** In addition to routing structured sales through public wallets, aggregate volumes are now explicitly disclosed;
- **Loans and Loan Repayments:** Deployments and returns, including loans and loan repayments, are now disclosed;
- **Key Activity Indicators:** Commentary on notable activities, as well as an appendix of key activity indicators, have been included.

This is a work-in-progress and I look forward to continued dialogue with our community on improvement of these reports, as well as on other financial matters. Please feel free to reach out to asktheCFO@algorand.foundation with any feedback.



FOUNDATION HOLDINGS & RECONCILIATION

This Transparency Report covers the period October 1, 2022 to March 31, 2023. At the end of the reporting period, the Foundation had a balance of 2,791M Algo. This can be verified on-chain via our published addresses on the Algorand Foundation [website](#).

The breakdown that follows provides an explanation of both Algo and USD spending during the period, organized by the major categories of Foundation responsibilities and broken down into three areas:

- Spending allocated towards incentives, historically used to reward governance participation and increasingly redirected by the community in more targeted ways;
- Direct spending on the development of the ecosystem via grants, equity / token investments, loans, investments in third-party funds, etc.; and
- Funds used by the Foundation in its mission to develop and support the Algorand ecosystem.

BALANCE SHEET HOLDINGS ('000)

	Sep 30, 2022	Mar 31, 2023	Movement
Investments* (USD)	104,652	118,953	
Foundation Holdings (Algo)	2,993,160	2,791,179	(201,981)

RECONCILIATION ('000)

	USD 6 months to Mar 31, 2023	Algo 6 months to Mar 31, 2023
Structured Selling	-	(101,084)
Spend Allocated by the Community		
Governance Rewards	-	(141,008)
Ecosystem Supp, xGov, DeFi Rewards, NFT	-	-
Investments, Grants & Loans		
Investments & Associated Income	5,136	(58,441)
Grants, Bursaries, Bounties & Champion Payments	(5,842)	(22,392)
Loans	-	136,500
Algorand Ventures Operations	(1,621)	(539)
Algorand Foundation Expenditures		
Business Development & Access	(2,216)	(126)
Ecosystem Support	(2,550)	(509)
Communities	(1,313)	(940)
Marketing, Events & Partnerships	(11,974)	(1,161)
R&D, Education, Platform Infrastructure & Tooling	(11,591)	(10,010)
Core Foundation Operations	(8,582)	(2,271)
Net Movement	(40,553)	(201,981)

*Investments in Algo are translated using the spot price at the time of the transaction. All balances are shown at cost.



STRUCTURED SELLING

Through third-party market makers, the Foundation conducts structured selling on a rules-based approach. During this period, the Foundation sold approximately 101M Algo.

The Foundation conducts all structured selling out of dedicated publicly disclosed wallets, and abides by the following guidelines in our structured selling program:

Daily sales are limited to the lesser of two constraints:

- A fixed daily amount, based on projected medium-term volumes;
- A small percentage of estimated total market volume on a given day.

Sales are automatically halted if:

- There is a 10% price drop within 24hrs;
- The price goes below a fixed threshold.

Sales can be halted by the Foundation at any time, at its discretion.

The dedicated wallets assigned by the Foundation for the program are:

37VPAD3CK7CDHRE4U3J75IE4HLFN5ZWVKJ52YFNBX753NNDN6PUP2N7YKI
44GWRTQGSAYUJJCQ3GFINYKZXMBDVKCF75VMC XKORN7ZJ6BKPNG2RMGH7E

There may be occasions where there are commercial or confidentiality reasons not to disclose ad hoc negotiated OTC sales in real time. In these cases, the Foundation would use alternate wallets and disclose on a delayed basis. There have been no such sales during this period and all sales have been publicly disclosed as per above.

SPEND ALLOCATED BY THE COMMUNITY

During this period - Q3 2022 (Governance Period 4) and Q4 2022 (Governance Period 5) - 141M Algo were allocated to general governance rewards by the community. Governance rewards are distributed following the end of each governance period and the associated rewards expense is recognized similarly (e.g. rewards for Governance Period 5, which closed Dec 31, 2022, are recognized as Q1 2023 expenses). Governance Period 6 ended March 31, 2023, and therefore rewards related to it will be included in the upcoming Transparency Report covering Q2 2023.

This year, the Foundation established a Governance Advisory Committee whose mandate is to put forward a number of measures, first for community comment and improvement (most importantly through the governance forum), and then to vote by the community of governors.

During this period, governors voted to allocate rewards on a more targeted and impactful basis, namely towards incentivizing DeFi participation and supporting creators. In addition, measures were brought forward and passed to allow DeFi users (i.e. LP token holders) to participate in voting and governance rewards.

Going forward, in line with our mandate, the community will play an increasingly direct role in resource allocation. Toward this end, we have continued to build the technical framework for the xGov program via ARCs 33 and 34, which will be an important mechanism for community participation. Initial pilot funding for this program of 2M Algo for community grants was approved by community vote in Q4 2022 and the first iteration of the xGov program is expected to be deployed in Q3 2023.

For a complete analysis of Governance Periods 4 and 5, please see the reports linked below:

[Algorand Community Governance Period 4 Review](#)
[Algorand Community Governance Period 5 Review](#)



INVESTMENTS, GRANTS & LOANS

The Foundation's AlgoGrants program was wound down and closed at the end of 2022 and the focus since then has been on the strategic relaunch of Foundation-managed funding via **Algorand Ventures**.

Algorand Ventures now works alongside all the core verticals to make direct investments into leading projects, works with accelerator partners to fund very early stage projects, and co-invests alongside VC funds with a specific mandate to focus on the continued growth of the Algorand ecosystem.

Highlights from the last six months of investments include:

- Completed investments into 17 early-stage projects for a total amount of 350,000 USD via the **Algorand Accelerate** and **AXL Ventures** programs;
- Approved direct investments into five projects for a combined allocation of 500,000 USD and approximately 13M Algo: Lofty, Planetwatch, Paima Studios, Rand Labs, and PactFi;
- Invested 37.5M Algo into an externally-managed VC fund overseen by Borderless Capital to ensure continued backing of Algorand projects for the next three to five years

Information on grants and investments through December 31, 2022, will be included in the upcoming annual report by Algorand Ventures.

No loans were made during this period. Loans that came to maturity in this period included:

- Two loans to Algorand Inc. totalling 125M Algo, which were paid in full;
- The 11.5M Algo repayment of a 50M Algo loan to Astronaut. Full repayment is expected in Q2 2023.

NOTABLE ACTIVITIES & ACHIEVEMENTS

In this section, we highlight some notable events and achievements across the Foundation over the last six-month period.

ALGOKIT

The most important development during this period was the launch of the Algorand developer toolkit, **AlgoKit**. It was a collaborative effort among the Foundation, MakerX, and Algorand Inc., and represents an important milestone on our path toward making Algorand the most developer-friendly blockchain.

The launch was supported by new developer educational content in the form of short videos available via a freshly designed **YouTube** channel. It was also supported by the Foundation's first holistic performance marketing campaign.

- Between March 30, 2023 and April 30, 2023 we drove over 76K clicks to the AlgoKit download page;
- Best performing channels to date are Google Search, YouTube, and Facebook.

ACCESS

Access is focused on enabling value to flow into the Algorand ecosystem through key integrations with exchanges, wallets, and fiat on-ramp partners. The focus for the past six months has been on the enablement of major stablecoins (USDC and USDT) on Algorand, as well as closing geographic gaps.

Following the integration of Exodus wallet in Q3 2022, a platform with over 700,000 monthly active users, notable wins during the period include:

- Binance International completing the integration of USDCa, thereby allowing millions of Binance customers to deposit or withdraw USDC directly onto the Algorand network;
- Completion of Onramp.money access, which supports our India strategy by providing a route for purchasing and selling Algo directly, using India's real-time payment network, 'UPI'.



ECOSYSTEM SUPPORT & COMMUNITIES

The top ecosystem priority for this period was to provide support for existing projects in our ecosystem. We focused efforts on keeping critical projects in our ecosystem, helping our projects find traction, and reducing hurdles for new projects to launch.

We supported the development of key infrastructure projects for builders in the ecosystem to leverage, including:

- **Unity** SDK for Gaming
- An on-chain voting tool, which is now being implemented for DAOs and governance
- NFT mass-minting tool
- MetaMask Snaps integration

We also piloted small activations with Games to drive acquisition and support user engagement. We saw some early success with an uptick in users and engagement and will continue to explore how to expand into other verticals.

Our regional Twitter and Telegram channels in EMEA grew 37% in Q1 2023 compared to Q4 2022, and our APAC channels grew more than 15% over the same period. In the Americas, we launched two new channels: a Spanish-language Telegram group and an Instagram page in Brazil. Our community across all regional social channels is now 30K+ members strong.

To build more channels of communication we have launched vertical-specific councils: a Gaming Council, NFT Council, DeFi Council, Governance Advisory Committee, and will continue to grow and expand.



IMPACT & INCLUSION

The primary focus of the Impact and Inclusion vertical in the past six months has been on key areas where there is already good traction, specifically disaster relief, and direct payments. In disaster relief, partnerships were solidified with leading organizations in the sector: the Disaster Services Corporation of Saint Vincent de Paul and the National Voluntary Organizations Active in Disaster (NVOAD).

During this time, we worked with these partners to produce high-quality content and launched two important pilots using the Kare Survivor Wallet in Tennessee and Florida – designed and built by AID:Tech. The Foundation has been working closely with NVOAD to provide the support and technical resources needed to roll out and scale this initiative.

INDIA

In Q1 2023, we launched AlgoBharat, our strategic initiative for India with a mission to onboard and train developers for the Algorand platform, partner with established institutions, and incubate companies that foster the growth of the Algorand startup ecosystem:

- In March, we ran our first Algo Hack House, a 3-day event in Hyderabad attracting over 400 attendees and 45+ teams pitching solutions in our pitch competition;
- We announced key partnerships with the State of Telangana and T-Hub, and joined as the technical partner with Self-Employed Women's Association (SEWA) for Climate Resilience Fund;
- We partnered with the Confederation of Indian Industry to run their first Blockchain Master Class Series, focusing on supply chain transformation;
- We announced our Faculty Development Programs with two large universities in India that will take place in June, and ran "Intro to Blockchain" seminars at fourteen universities across the country.

MARKETING

The top marketing priorities for this period included: driving developer acquisition for Algorand, embarking upon a holistic brand refresh, driving awareness for ecosystem projects and Algorand technology, and streamlining internal processes to optimize efficiency. These processes are ongoing.

As we build the marketing team and supporting processes (with several senior hires in Q1 this year), our social media interactions have increased by 15%, and content shares have increased by 29%, compared to the previous period.

Marketing also supported Algorand ecosystem projects in a variety of ways during the period, from social amplifications and event sponsorships to content, communications support, and paid advertising. Some examples include:

- Supporting ecosystem projects' PR announcements, including TravelX's partnership with Flybondi; FlexID's partnership with Sri Lanka's National Savings Bank; the launch of Ctrl Alt's first tokenized real estate property in the UK; the launch of the Algorand SDK for Unity; and more
- Supporting launches from Quantum Temple, EXA Market, and others with targeted social amplifications.

During this period, marketing also undertook a comprehensive assessment of marketing partnerships and terminated or significantly refocused most of them. Notably, we terminated the sponsorship contract with SailGP, and reduced our partnership with ClimateRide by approximately 80%.

One partnership to note during the period was with Metaboundless, a web3 platform that connects creators and their fans, developed by XTZ Esports Tech Ltd, which we undertook to amplify awareness for Algorand in the MENA region leading up to Decipher. The launch featured a "Concert of the Future" metaverse experience with three of the region's biggest musical superstars (Saad Lamjarred, Ragheb Alama, and Michel Fadel) who also promoted it to their 18.7M collective Instagram followers. The promotional effort garnered over 27M media impressions and more than 20M people in social reach.

EVENTS

The communities teams hosted 40+ community events globally (via meetups and online) during the period and drew in over 6K attendees in total. Notable large events for the period included:

Decipher

- 2,566 attendees registered for the event, including more than 100 active Algorand developers;
- The conference garnered 525M media impressions, including coverage on Blockworks, Entrepreneur ME, Cointelegraph, Computer News Middle East, BelnCrypto, and more;
- The conference was rated 4-5 stars by over 90% of attendees, as reported in the post-event survey.

EthDenver

- While we did not have the same presence at EthDenver as we did in 2022, we took over high visibility billboards on the road to the airport. This garnered 1.7M+ impressions.
- Our Twitter awareness campaign garnered 1.1M+ impressions, and our campaign to drive developer traffic to Discord garnered 1.3M+ impressions, 14K+ engagements, and 2K+ clicks;
- We partnered with Encode on the Pit Hacker House, which attracted over 200 people.

Paris Blockchain Week Summit (PBWS)

- The second annual “A Night in Paris with Algorand” cocktail party gathered the Algorand community to celebrate the 10-year anniversary of Silvio Micali’s Turing Award and highlight the Algorand ecosystem. Registered attendees numbered over 1.6K. The communities team also hosted a side event with 400+ attendees;
- We also supported other ecosystem projects during PBWS with amplifications on social media; for example, our efforts promoting Quantum Temple’s “Paths to Algo” launch generated 150K+ impressions.

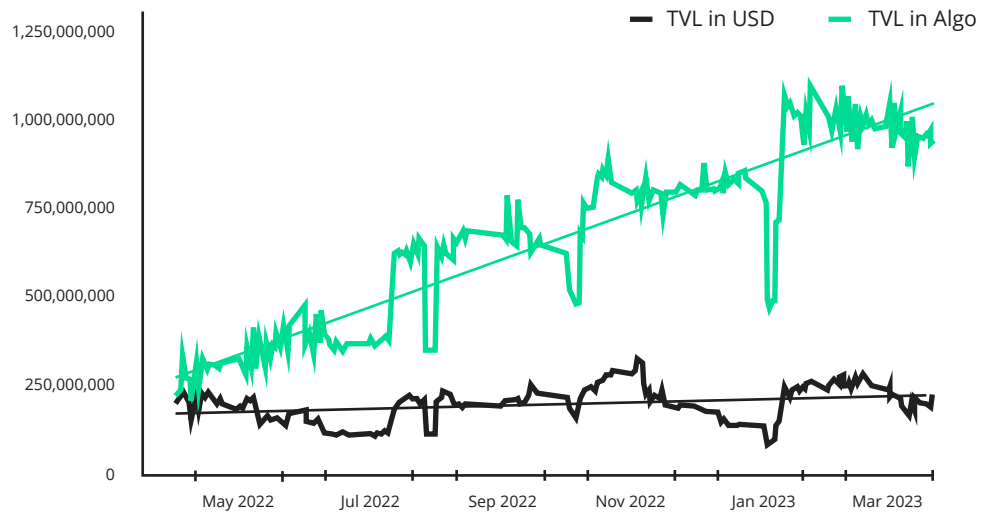
RELAY NODES

The Foundation executed a deep analysis of the network’s relay nodes and terminated or renegotiated the commercial terms of contracts for 100+ relay nodes. This will create savings of more than 35% which will feed into the P&L as existing agreements come to an end.

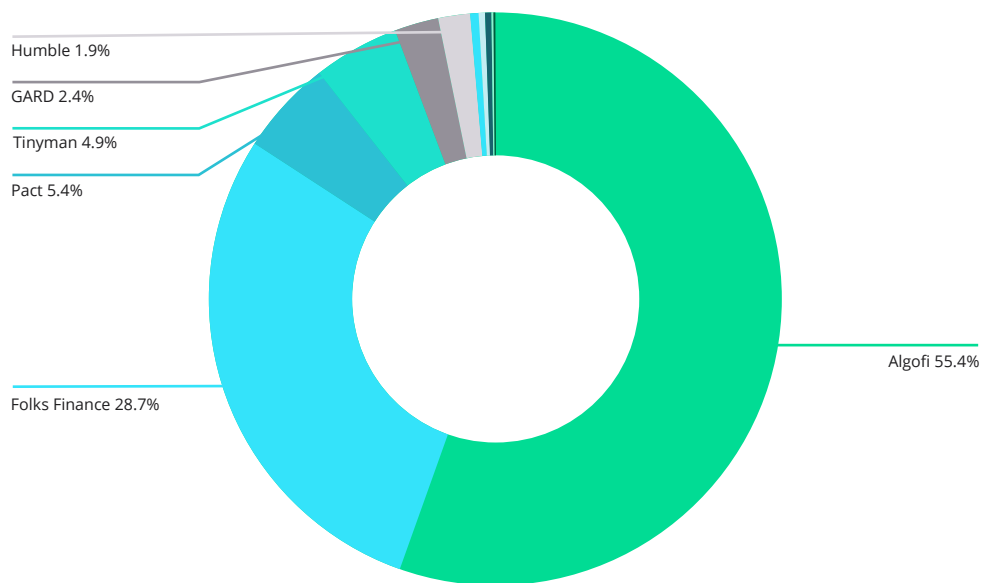


APPENDIX: KEY ACTIVITY INDICATORS

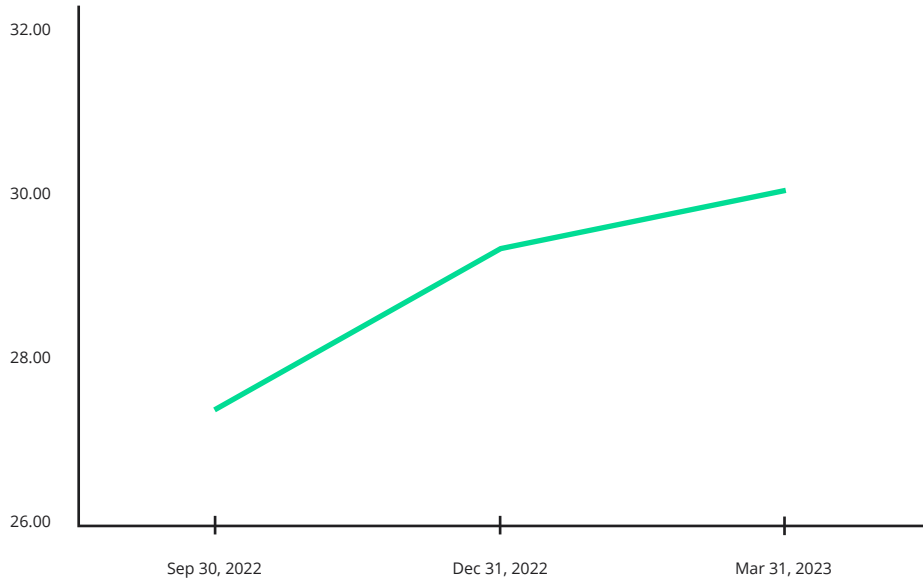
TVL in Algo & USD for the Past 12 Months



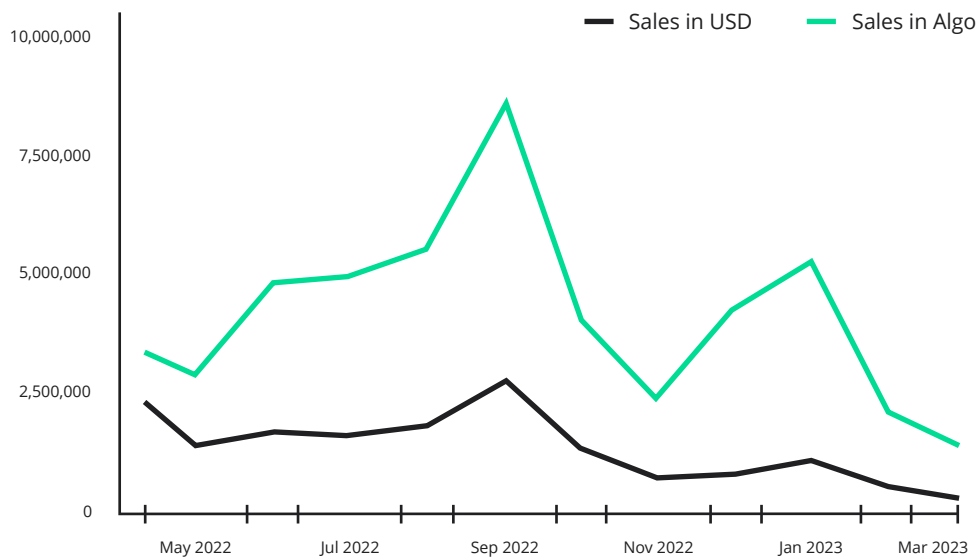
TVL Breakdown by Projects as at March 31, 2023



No. of Open Wallets (Millions)



NFT Sales in Algo & USD for the Past 12 Months



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